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IDAHO PUBLIC  
UTILITIES COMMISSION



October 24, 2008

Ms. Jean D. Jewell Secretary  
Idaho Public Utilities Commission  
472 W. Washington St.  
Boise, Idaho 83720

Re: Tariff I.P.U.C. No. 28, Electric Service  
Residential and Small Farm Energy Rate Adjustment Credit  
Substitute Tariff Filing

Dear Ms. Jewell:

Attached for filing with the Commission is one copy of the following tariff sheet:

Substitute Ninth Revision Sheet 59 Canceling Eighth Revision Sheet 59

Please substitute the attached tariff sheet for Ninth Revision Sheet 59 that was issued September 30, 2008. Avista requests that the proposed substitute tariff sheet be approved to become effective on November 1, 2008, as the existing credit on Eighth Revision Sheet 59 expires on October 31, 2008. Also enclosed is a tariff sheet showing changes by using strikeouts and underlining.

The proposed substitute tariff sheet reflects a rate adjustment related to a revised, lesser amount of residential exchange program benefits that Avista is expected to receive from the Bonneville Power Administration (BPA) related to BPA's 2009 fiscal year. Avista's prior tariff filing was based on a \$973,500 benefit applicable to Idaho qualifying residential and small farm customers. The benefit has been revised downward from \$973,500 to \$762,600.

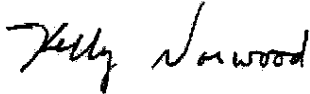
Attachment A is a spreadsheet prepared by BPA showing the calculation of the revised benefit amount of \$2.35 million to be distributed to electric customers we serve in both our Idaho and Washington jurisdictions. The Idaho share of the \$2.35 million amounts to \$762,600.

Attachment B consists of workpapers that show the derivation of the proposed 0.057¢ per kilowatt-hour rate credit to pass through the revised program benefit amount during the period of November 1, 2008 through October 31, 2009. The proposed rate credit of 0.057¢ is 0.497¢ less than the existing rate credit of 0.554¢, which the new credit will replace. Implementing the new, lower rate credit of 0.057¢ per kilowatt-hour would result in a monthly increase of \$4.97, or a 6.63% increase for a customer using 1,000 kilowatt-hours per month as compared with existing rates. The actual increase will vary

based on customer usage. The proposed rate credit will have no effect on Avista's net income.

Avista informed customers of the initial rate filing using a customer notice as a bill insert. Customers will be informed of the lower benefit level and the resulting lower rate credit through newsletters included as bill inserts. The proposed tariff is also available on Avista's website at [www.avistautilities.com](http://www.avistautilities.com). Please direct any questions regarding this filing to Ron McKenzie at (509) 495-4320.

Sincerely,

A handwritten signature in black ink that reads "Kelly Norwood". The signature is written in a cursive, flowing style.

Kelly Norwood  
Vice President State and Federal Regulation

RM  
Attachments

AVISTA CORPORATION  
dba Avista Utilities

Per O.N. 30672  
Jean D. Jewell Secretary

## SCHEDULE 59

### RESIDENTIAL AND FARM ENERGY RATE ADJUSTMENT - IDAHO

#### APPLICABLE:

To Residential Customers in the State of Idaho where Company has electric service available. This rate adjustment results from an Agreement between the Company and Bonneville Power Administration (BPA) covering Residential Exchange Program benefits. The rate adjustment in this schedule shall be applicable to customers served under Schedules 1, 12, 22, 32 and 48.

#### MONTHLY RATE:

The energy charges for all blocks of electric Schedules 1, 12, 22 and 32 and the charges for area lights based on the energy usages of the lights on Schedule 48 are to be reduced by 0.057¢ per kWh.

#### SPECIAL TERMS AND CONDITIONS:

The rate adjustment under this schedule is subject to revision to reflect the true up from estimated to actual benefits and to reflect projected future benefits. In the event the credits applied under this schedule exceed the benefits, the Company will adjust the rate on this schedule to recover that difference.

The energy credit applied to Schedule 32 for farm irrigation and pumping load, for each billing period, shall not exceed the amount of energy determined by the following formula:

$$400 \times 0.746 \times \text{days in the billing period} \times 24$$

In no instance shall any qualifying irrigation and pumping load for any month exceed 222,000 kWh.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

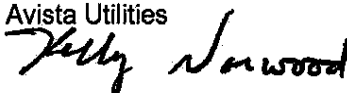
The above rate is subject to the provisions of Tax Adjustment Schedule 58.

Issued October 24, 2008

Effective November 1, 2008

Issued by Avista Utilities

By



Kelly Norwood – Vice President, State and Federal Regulation

AVISTA CORPORATION  
dba Avista Utilities

## SCHEDULE 59

### RESIDENTIAL AND FARM ENERGY RATE ADJUSTMENT - IDAHO

#### APPLICABLE:

To Residential Customers in the State of Idaho where Company has electric service available. This rate adjustment results from an Agreement between the Company and Bonneville Power Administration (BPA) covering Residential Exchange Program benefits. The rate adjustment in this schedule shall be applicable to customers served under Schedules 1, 12, 22, 32 and 48.

#### MONTHLY RATE:

The energy charges for all blocks of electric Schedules 1, 12, 22 and 32 and the charges for area lights based on the energy usages of the lights on Schedule 48 are to be reduced by ~~0.554¢~~ per kWh. 0.057¢

#### SPECIAL TERMS AND CONDITIONS:

The rate adjustment under this schedule is subject to revision to reflect the true up from estimated to actual benefits and to reflect projected future benefits. In the event the credits applied under this schedule exceed the benefits, the Company will adjust the rate on this schedule to recover that difference.

The energy credit applied to Schedule 32 for farm irrigation and pumping load, for each billing period, shall not exceed the amount of energy determined by the following formula:

$$400 \times 0.746 \times \text{days in the billing period} \times 24$$

In no instance shall any qualifying irrigation and pumping load for any month exceed 222,000 kWh.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above rate is subject to the provisions of Tax Adjustment Schedule 58.

Issued March 12, 2008

Effective April 11, 2008

Issued by Avista Utilities  
By

Kelly Norwood – Vice President, State and Federal Regulation